

Message Text

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ACTION EA-12

INFO OCT-01 ISO-00 SNM-05 DEAE-00 AID-05 SSO-00 /023 W
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O 210915Z JUL 78
FM AMEMBASSY MANILA
TO SECSTATE WASHDC IMMEDIATE 8941
AMEMBASSY RANGOON IMMEDIATE
AMEMBASSY BANGKOK IMMEDIATE

LIMITED OFFICIAL USE MANILA 12504

FOR LINNEMAN FROM SOHLIN

E.O. 11652: N/A
TAGS: SNAR
SUBJECT: INC FUNDED CONTRACTS

REFERENCE: A) MANILA 12353, B) STATE 184011

CONFIRMING OUR TELECON.

1. CONTRACT 1501 - E SYSTEMS.
BJORLYKKE WILL CONTACT E SYSTEMS TODAY AND SUSPEND ORDERS ON F-27
(EXCEPT FOR INSPECTION AND DETERMINATION OF NEEDED REPAIRS); 205
OVERHAUL, AND 3 ENGINES OVERHAUL. F-27 DUE TO ARRIVE TAINAN TODAY.
205 NOW EN ROUTE BY SHIP TO TAIWAN. 3 ENGINES EITHER EN ROUTE OR IN
HONGKONG NOW WHERE WORK WAS TO BE DONE UNDER SUBCONTRACT BY HAECO.
WITH THESE ADJUSTMENTS, UTILIZATION OF CONTRACT FUNDS WILL BE: BILL-
INGS 1429, BACK ORDERS 135, TOTAL 1564. PER TELECON, BALANCE UNDER
CONTRACT OF 136 WILL BE USED FOR OAG AND URR SPARE PARTS ORDERS FOR
BALANCE OF FY.

2. CONTRACT 1504 - HELI-ORIENT.
BJORLYKKE WILL CONFIRM TO HELI-ORIENT HIS VERBAL INSTRUCTIONS TO AVO
TAMMEKAND, HELI-ORIENT VICE PRESIDENT TO SET ASIDE ORDERS FOR SPARE
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PARTS FOR 206'S. THESE PARTS ARE ALREADY ON ORDER AND HELI-ORIENT
WILL CONSIDER THEM AS IN-STOCK ITEMS UPON RECEIPT. FURTHER TAMMEKAND
HAS BEEN ADVISED OF ONTRAC III PROBLEMS (SEE BELOW). IF ONTRAC ORDERS
WERE TO BE CANCELLED, FUND STATUS WOULD BE: BILLINGS, 523, BACK
ORDERS 355, TOTAL 878. CONTRACT FUNDS AVAILABLE - 400.

3. ONTRAC III.

36 UNITS OF ONTRAC III WERE ORDERED FOR NEGOTIATED PRICE OF \$32,400 EACH AS OPPOSED TO PER UNIT PRICE OF \$40,500. TOTAL ORDER \$1,166,400. AMENDMENT TO CONTRACT 1504 ESTABLISHING THE LOWER PRICE, WITHOUT INCREASE IN CONTRACT FUNDING, WAS APPROVED BY PROJECT MANAGER HALL. FIFTEEN UNITS HAVE BEEN SHIPPED AND PAYMENT MADE OF 486

(INCLUDED IN BILLINGS OF 523). NEXT 7 UNITS ARE SCHEDULED FOR SHIPMENT FOR INSTALLATION IN 206'S. IF S/NM APPROVES, THE 680 BALANCE FOR ONTRAC COULD BE FUNDED BY 400 CONTRACT BALANCE PLUS 280 OF 400 STILL AVAILABLE UNDER PIO/T. THE REMAINDER UNDER PIO/T OF 120 COULD FUND AOG AND URR SPARE PARTS ORDERS FOR BALANCE OF FY.

4. PLACING OF ORDERS UNDER CONTRACTS IS DONE BY DULY AUTHORIZED CONTRACTING OFFICER REPS AND INCLUDE TWO BURMESE OFFICIALS AND HALL. VIRTUALLY ALL ORDERS PLACED BY BURMESE.

5. BJORLYKKE STATES HIS POSITION VIZ-A-VIZ PROJECT MANAGER HALL AS FOLLOWS:

QUOTE HALL IS PROJECT MANAGER FOR BURMA PROGRAM AVIATION CONTRACTS AND, AS SUCH, GENERATES REQUIREMENTS FOR CONTRACT ACTION BY BJORLYKKE UNDER ISSUED PIO'S. IN ADDITION, HALL IS DESIGNATED COR UNDER THE AFORESAID CONTRACTS AND HAS AUTHORITY, TOGETHER WITH THE OTHER COR'S, TO ORDER ALL SERVICES TO BE FURNISHED UNDER THE CONTRACTS. ALSO HALL MONITORS TECHNICAL ASPECTS OF THE CONTRACTS AND CERTIFIES CONTRACTORS LIMITED OFFICIAL USE

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PERFORMANCE.

THE COR'S ARE LIMITED IN THEIR AUTHORITY BY THE TERMS OF THE CONTRACT INCLUDING THE LIMITATION OF FUNDS CLAUSE WHICH STATES THAT THE AMOUNT ALLOTTED TO THE CONTRACTS MAY NOTBE EXCEEDED. THE CONTRACTOR, HOWEVER, HAS THE PRIMARY RESPONSIBILITY TO ENSURE THAT THESE FUNDING LIMITATIONS ARE NOT EXCEEDED.

THE PURPOSE OF AMENDING THE CONTRACT WITH RESPECT TO THE ONTRAC SYSTEMS WAS TO TAKE ADVANTAGE OF THE LOWER PRICES NEGOTIATED FOR A QUANTITY PURCHASE. THE ACTUAL ORDERING WAS STILL REQUIRED TO BE MADE BY A COR. NOTHING IN THE AMENDMENT WAIVED APPLICATION OF THE LIMITATION OF FUNDS CLAUSE.

IT IS SUGGESTED THAT ANY QUESTIONS CONCERNING THE ABOVE BE DISCUSSED WITH JERRY FINK, AID/GC UNQUOTE.

6. FOR HALL IN RANGOON: LINNEMAN HAS ASKED ME TO CONVEY HIS INSTRUCTIONS THAT YOU CABLE TO HIM COMPLETE JUSTIFICATION FOR ONTRAC III EQUIPMENT AND CITE AUTHORITY FOR INITIATING PROCUREMENT. CONWAY AND I HAVE OBTAINED VISAS AND WILL ARRIVE IN RANGOON MONDAY AS SCHEDULED. MURPHY

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